

# Region VII News

*Informing Kansans, Nebraskans, Missourians and Iowans*

## A Message from Region VII Administrator Sam Jones



### “Be Prepared” Must Be More Than a Motto

Like any successful businessman, Dalph McNeil attributed the success of his mining company to good planning. Brookville Mining Equipment Corporation (BMEC) in Pennsylvania was the number one supplier to the underground mining market in the U.S., and a leading supplier of hauling equipment worldwide.

The thing he didn't plan for nearly ruined him.

In July 1996 McNeil faced every business owner's nightmare when the Redbank Creek crested at 8 ½ feet after a 24-hour downpour. When he returned to his warehouse the following day, flooding had caused \$1.6 million in damages to BMEC. Inventory had been swept away on a powerful current of water that also tore down a 30-foot section of wall.

As soon as the cleanup began after the flood nearly destroyed the plant, McNeil had his 54 employees calling customers. “We determined how long we would be out of service, told the customers, and gave daily updates as best we could,” McNeil said. “We did everything we could to reassure the customers by informing them of the steps we were taking to fill their orders, and when their order would be delivered.”

BMEC lost no customers, and all the orders were completed. This was accomplished while the company was rebuilding after the flood. “Later, we sent letters to the customers, thanking them for their patience and confidence in us,” added McNeil.

The company president turned the flood into an opportunity to become better prepared for the next disaster. In addition to relocating his plant away from the flood plain, McNeil added a safety coordinator to his staff.

“The safety coordinator, in addition to doing quality assurance and quality control, runs monthly meetings with representatives from six sections of the company,” explained McNeil. In addition to making sure all the employees understand the early warning and evacuation plans and the emergency procedures, said McNeil, the safety coordinator is also responsible for taking care of the fire extinguishers and planning safety drills.

*(Continued on next page...)*



## U.S. Small Business Administration Region VII Offices

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### SBA District Offices Located in Region VII:

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**Springfield, MO Branch**  
**(417) 890-8501**

**St. Louis, MO**  
**(314) 539-6600**

**Des Moines, IA**  
**(515) 284-4422**  
**Cedar Rapids, IA Branch**  
**(319) 362-6405**

**Omaha, NE**  
**(402) 221-4691**

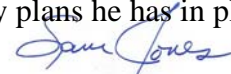
**Wichita, KS**  
**(316) 269-6273**

All SBA programs and services are provided to the public on a non-discriminatory basis.

In addition to having a safety plan, small business owners should also fully evaluate their insurance before a disaster hits. The insurance must be tailored to the individual business and take into consideration not only property damage, but loss of revenues and extra expenses that occur when business is halted by a disaster.

While being prepared for natural disasters is important, businesses should also employ contingency planning strategies to be prepared for the loss of sensitive data caused by computer hackers, or human error by an employee. Seeking advice from a data recovery specialist can save a small business from the excruciating pain of downtime, lost income, and possible fraud.

Right after the storm McNeil received a \$1.5 million disaster loan from the SBA. Within two years of nearly losing his business to a flood, BMEC celebrated the opening of a new 72,000-square-foot plant built miles away from the flood plain. And while he hopes he never has to use the emergency plans he has in place, he says he is ready for anything.



## REGION 7 SMALL BUSINESSES AND PARTICIPATING LENDERS SHARE ANOTHER BANNER YEAR

In Region 7 the numbers tell the story. Small business owners using SBA-backed loans have significantly increased over the last fiscal year. The chart below analyses the region's 7(a) and 504 Loan program loans.

### SBA Region 7 Total 7(a) and 504 Loan Programs Production Comparison of Fiscal Year 2004 to Fiscal Year 2005

	FY04		FY05		% increase in # year to year	# increase over last year
<b>TOTAL LOANS</b>	<b>3,783</b>		<b>4,456</b>		<b>18%</b>	<b>673</b>
		<b>% Total Loans</b>		<b>% Total Loans</b>		
<b>Minority Loans</b>	402	10.60%	556	12.47%	38%	154
<b>African-American</b>	113	2.98%	193	4.33%	71%	80
<b>Hispanic</b>	91	2.41%	122	2.74%	34%	31
<b>Asian</b>	152	4.01%	188	4.22%	24%	36
<b>Native American</b>	37	1.00%	33	0.74%	-11%	-4
<b>Other Minorities</b>	9	0.01%	19	0.42%	111%	10
<b>Loans in Rural Areas</b>	1,355	35.82%	1,608	0.36%	19%	253
<b>Loans to Women</b>	764	20.20%	1,056	23.70%	38%	292
<b>Loans to Veterans</b>	422	11.16%	428	9.60%	1%	6
<b>International Trade Loans</b>	94	2.48%	111	2.49%	18%	17

# **SBA Launches GO Loan Program to Help Gulf Coast Small Businesses Hurt By Hurricanes Rita and Katrina**

*By Sam Jones, U.S. Small Business Administration*

On Nov. 8 the U.S. Small Business Administration announced the roll-out of the Gulf Opportunity Pilot Loan (GO Loan) program. GO Loans will strengthen and expand the role of local commercial banks in accelerating the recovery and rebuilding of Gulf Coast small businesses impacted by Hurricanes Katrina and Rita. This new financing product will allow banks to employ streamlined, expedited processing under the direction of the SBA.

GO-Loans, modeled after the SBAExpress loan program, will allow commercial lenders to use their own forms and underwriting to get working capital into the hands of small businesses in the Gulf region quickly. These loans will be available up to \$150,000 dollars; they will have an 85 percent guarantee; and applicants will receive a decision from the SBA in 24 hours or less. GO Loans will be made available through Sept. 30, 2006.

The SBA prescribes maximum interest rates participating banks may charge, but the actual rate is negotiated between the lender and the borrower. Repayment terms are generally between five and 25 years.

## **SBA Simplifies Requirements for the Gulf Hurricane's Business Disaster Loans**

In response to the issues faced by business owners in the aftermath of Hurricanes Katrina and Rita, the U.S. Small Business Administration has relaxed loan filing requirements and provided expedited loan processing on businesses seeking \$100,000 or less which can meet specified criteria.

On October 13th, the SBA waived requiring the submission of three years of past tax returns and monthly sales analysis for the last three years. To fill in the gaps for missing information, the SBA will, in the case of the missing tax documents, access income tax transcripts from the IRS to verify the applicant's income. In addition, the title or record search previously required before all loan disbursements above \$25,000 will now only be required for loans exceeding \$50,000.

The agency took additional steps October 17<sup>th</sup> to expedite the processing of loans under \$100,000 for businesses meeting specified criteria. The business owners must have satisfactory credit, a gross income greater than \$25,000, and a satisfactory SBA loan history. Additional requirements include a controlling ownership by an individual or group of individuals and a verifiable federal tax return with 12 months of operations.

*"Relaxing some of the loan processing criteria will ease the approval process, allowing business owners to rebuild more quickly and lay the foundation for the revival of the region's economy,"* said SBA Administrator Hector V. Barreto.

For more information on SBA's disaster loan program, call the SBA's customer service center at 1-800-659-2955 daily from 6 a.m. to 1 a.m. Additionally, you may use a computer to e-mail questions to [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov), or visit the SBA Disaster Web site at [www.sba.gov/disaster](http://www.sba.gov/disaster).

The GO Loan program was launched in response to an eagerness expressed by the private sector and the banking community to play an important role in the rebuilding of small businesses.

For complete details on GO Loans, please visit [www.sba.gov/financing/goloans](http://www.sba.gov/financing/goloans).

## **To Hurricanes Katrina and Rita Victims sheltering in Region 7 Who Have not Contacted SBA:**

You are encouraged to apply for federal assistance:

- by registering online with FEMA at [www.fema.gov](http://www.fema.gov), or
- by calling 1-800-621-FEMA (3362), or
- 1-800-462-7585 (TTY) for the hearing and speech impaired.

The toll-free phone numbers will operate 24 hours until further notice. Help with the disaster loan applications is available at 103 Disaster Recovery Centers and at Small Business Development Centers located in the Gulf States. Their addresses can be found on the SBA Web site ([www.sba.gov](http://www.sba.gov)).

## **SBA Hurricane Loans Reach \$1 Billion; Approvals Averaging Over \$32 Million per Day**

WASHINGTON – A billion dollars in U.S. Small Business Administration disaster assistance loans have been approved for more than 14,200 residents and business owners in the Gulf Coast region to repair or rebuild properties damaged by Hurricanes Katrina, Rita and Wilma.

“Loans are now being approved at an average rate of \$32.5 million a day,” said SBA Administrator Hector V. Barreto. “SBA’s disaster office is approving disaster loans as quickly as possible, while maintaining our responsibility to the taxpayer. We have delivered an unprecedented response to an unprecedented disaster, and despite the substantial hurdles facing both the SBA and the residents of Louisiana, Mississippi, Texas and Florida, we are matching the loan efforts made in response to previous disasters.

“Following the Northridge Earthquake in 1994, we approved a billion dollars in loans within 90 days,” Barreto said. “In just 94 days, following the Gulf Coast hurricanes, we have reached a billion dollars in loan approvals despite receiving far more loan applications this time – more than we’ve received for any other disaster in the history of the agency. We are working diligently to get funds into the hands of those who need it most, and increasing our response capacity and loan approvals at a steady rate.”

Barreto noted that only three previous disasters in history led to more than \$1 billion in SBA loans: the Northridge earthquake in 1994; the Sept. 11, 2001, terrorist attacks, and the multiple hurricanes that struck Florida last year.

This year’s catastrophic hurricanes left a disaster area the size of Great Britain. Nearly 250,000 people were displaced to locations in all 50 states; more than 200,000 homes were destroyed and another 45,000 are unlivable. Of the 190,000 small businesses in Louisiana, about 81,000 have been impacted.

“The SBA’s Office of Disaster Assistance has grown from 880 staff before Katrina struck to more than 4,200 today,” Barreto said. “More than two-thirds of SBA’s 6,346 employees are working seven days a week to handle the demand for loans. We are committed to doing whatever it takes to make sure every person who needs and qualifies for help, gets it quickly.”

The SBA has taken a number of steps to ease the process, expand loan- processing capacity and provide other sources of capital for small businesses:

- The agency is continuing to expand its computerized loan-processing capacity, enhancing a system that already contains more than 292,000 applications in the system. More than 86,260 have been processed, more than double the number of loans processed for the Hurricane Andrew disaster in 1992.
- The SBA has established a pilot program with the Internal Revenue Service to provide tax transcripts electronically at the rate of 5,000 per day, helping loan applicants replace financial records that may have been lost in the storms.
- The SBA has provided 12-month loan deferments on SBA loans to businesses in the disaster areas and urged private lenders to offer similar relief on SBA-backed loans in their portfolios ([http://www.sba.gov/news/05-59\\_Loan\\_Deferments.pdf](http://www.sba.gov/news/05-59_Loan_Deferments.pdf)).
- The agency has asked the lending community to provide volunteers to serve as temporary government employees to help process business disaster loans through the “Give a Lending Hand” initiative (<http://www.sba.gov/news/05-65-Give-a-Lending-Hand.pdf>).

For more information about the SBA’s Disaster Assistance loan programs, visit the SBA Web site at [http://www.sba.gov/disaster\\_recov/hurricanes/](http://www.sba.gov/disaster_recov/hurricanes/).